



**PAYSON'S PROMISE:  
HELP IT HAPPEN**  
A University Campus in Payson

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## **TOGETHER WE CAN MAKE IT HAPPEN**

The Rim Country Educational Foundation, a funding arm of Mogollon Health Alliance, a 501(c) 3 entity and an Arizona not-for-profit corporation, is seeking donations and/or grants totaling \$500,000 to pay the pre-purchase costs associated with a direct sale of approximately 300 acres of U.S. Forest Service property in Payson, Arizona. The campus is envisioned to be innovative, entrepreneurial, sustainable, and world class. This fully accredited, undergraduate university will offer affordable university degree programs in a rural setting complemented by distance learning educational offerings.

### **Goal:**

**\$500,000 to cover pre-development costs:**

- Land surveys
- Environmental assessments
- Archeological studies
- Forest Service Cost Reimbursements
- Legal/Administrative costs

## **HOW WILL THE REQUESTED FUNDS BE USED?**

Many of the costs associated with a direct sale of the U.S. Forest Service property, including survey, environmental assessments, archaeological studies, and Forest Service cost reimbursement requirements, must be completed before the property may be purchased. These costs alone total approximately \$450,000. Additional pre-development costs must be incurred in connection with the North parcel of property to ensure its suitability for the project. Finally, costs are being incurred and continue to be incurred for legal and administrative costs relating to the formation of the SLE and related organizational structure. Those costs, totaling more than \$500,000, must be paid before the property is purchased and the project is funded by the developer

The financial model of the University Campus precludes funding from the towns of Payson and Star Valley. The proposed developer has expended many hundreds of thousands of dollars for its preliminary planning, design and development costs, and a dedicated cadre of several visionary citizens and volunteers have contributed substantial dollars for expenses incurred to date for preliminary planning and design, various studies and assessments, and administrative and marketing costs, with no direct financial benefit to them whatsoever. The final stage of completing the U.S. Forest Service requirements of a direct sale is now, and new sources are required to cover those substantial additional costs to complete the pre-development phase and ready the land for purchase and development. Assuming the project proceeds, these pre-development expenses will be reimbursed by the developer and the funds will ultimately be used for scholarships and enhanced features and facilities for the campus.



## **A NEW ECONOMIC ENGINE FOR RIM COUNTRY!**

Historically, Payson and Northern Gila County's economy has been tied to the home construction industry and the summer tourist season. During boom years, construction jobs are plentiful and local businesses are supported. Young families with children are able to find jobs and contribute to the economy, the health of the schools, and the vibrancy of the community. Tourists seeking cooler climates come to the mountain communities seeking relief from the heat of the urban cities. Even in good times, however, life is not perfect. Construction work and tourist spending is seasonal, and young adults and growing families need career opportunities beyond the construction and service industries. Young adults and skilled workers migrate to urban and education areas for jobs and schooling. Once they leave, they seldom return.

It gets worse during the down years. Construction jobs dry up and local businesses fail or barely hang on. Without work or money, large numbers of responsible, good intentioned and otherwise productive residents migrate to the urban areas, further destabilizing the

- Decline in property values
- Higher unemployment rates
- Increased small business failures
- Negative migration of 12-15%
- Talent drain to urban areas

rural economy and sending home prices spiraling downward. The economic slump of the last three years is a case in point. In recent years the Town of Payson has experienced a negative migration of 12 to 15 percent of its citizens.

A new university campus will reverse this trend and significantly benefit the development of Payson and the Rim communities by broadening the economic base, creating more stable and

higher paying jobs, and creating educational opportunities for local students. The campus provides an anchor tenant which will attract industry, research and investment to Payson.

## **WHAT PROGRESS HAS BEEN MADE?**

The goal of bringing a new university campus to Payson is not just wishful thinking. Indeed, the foundation for a university campus in the Payson community started several years ago under the visionary leadership of Kenny Evans, the Town of Payson's Mayor, and other supporters, private donors and investors, local citizens, and Town of Payson representatives. Supporters have worked tirelessly to structure a public private partnership that would result in the ground-up design, construction, financing and implementation of a world-class, cutting-edge, affordable university. Substantial progress has been made, as evidenced by the following examples:

- ✓ Lending commitments for up to \$500 million dollars for development and construction funding have been obtained.
- ✓ An agreement with the U.S. Forest Service has been secured for the direct sale of the desired 300 acre property on the south side of Highway 260, at appraised value.
- ✓ A separate legal entity with municipal powers has been created to hold title, oversee the development, and manage the campus project.



- ✓ Conditional pledges have been obtained for an additional \$70 million in private grants and contributions once the university becomes operational.
- ✓ Key partnership arrangements have been established to provide cutting-edge technology for the campus.
- ✓ A development team for the design, construction and management of the fiscal structure of the campus has expended several hundreds of thousands of dollars in preliminary planning and design work.
- ✓ The Blue Ridge Water pipeline, a major accomplishment in itself, has been approved, with construction to start in 2012. The pipeline is a necessary component of the university project because it ensures that the town and campus will have an adequate water supply to support the community and a new 6,000 student campus.
- ✓ Agreements have been secured to purchase property from four different owners on the north side Highway 260, to provide an additional ancillary site that will give flexibility to develop specific campus functions prior to the availability of U.S. Forest Service property.
- ✓ A separate legal entity with municipal powers has been created to hold title, oversee the development, and manage the campus project.
- ✓ High level negotiations have progressed with Arizona State University to provide the educational and service-related functions of the campus.
- ✓ If a commitment is not shortly obtained with ASU, we will select from among the other universities that have expressed strong interest in becoming the educational partner for the campus.
- ✓ A citizen Volunteer Planning Committee and supporting subcommittees have been organized and are assisting Mayor Kenny Evans and his representatives in connection with the Payson-University Campus. The role of the Planning Committee is to advocate support for the campus, communicate with the community and other interested parties, and facilitate volunteer activities.
- ✓ The mayor and members from the Volunteer Planning Committee have conducted over 20 community forums attended by more than 700 people, 97% of whom have been highly supportive of bringing a university campus to Payson.
- ✓ The project has attracted national and international interest.



## PROJECT PROFILE:

### **WHAT IS THE MISSION OF THE NEW UNIVERSITY CAMPUS?**

To provide an affordable university-year degree program from a world-class accredited university in a rural setting, thereby making a college education available to a wider variety of students, from a broader geographic area and background.

### **WHERE WILL THE UNIVERSITY CAMPUS BE LOCATED?**

The campus will span Arizona Highway 260, directly east of Payson from approximately Mud Springs Road to Tyler Parkway. The main campus will be on a 300 acre site on the south side of Highway 260, currently used by the U.S. Forest Service as an administrative site. An ancillary campus with educationally-related facilities will be located on the approximately 90- acre site on the north side of Highway 260, adjacent to Gila Community College.

### **WHAT PROGRAMS AND COURSES (CURRICULAM) WILL BE OFFERED?**

All programs will be offered and accredited by Arizona State University (ASU). In keeping with ASU's core philosophies, all programs incorporate aspects of sustainable practices into their educational experience. To keep tuition affordable, the number of degree programs will be intentionally limited. Initially, these will include the following curricula:

- Healthcare: Programs that support improved access to, and delivery of, healthcare services to rural communities.
- Business Management: Programs that focus on entrepreneurial, small businesses.
- Biological Sciences and related programs.
- Liberal Arts: Programs that include courses such as psychology, history, and political science.
- Sustainability: Programs that promote environmental practices aligned with sound commerce and economics. Sustainable forestry will be a focus of the campus.

### **WHAT IS THE PROJECTED STUDENT BASE?**

Initial opening:	Up to 500 students
By year five:	2,500 students
Final capacity:	6,000 students
On-line courses:	Up to 60,000 students

### **WHICH STUDENTS WILL BE RECRUITED?**

- Students from throughout the surrounding area and region.
- Transfer students from community colleges throughout the state.
- National and international students interested in the specific academic programs offered by the campus.

### **WHAT FACILITIES COMPRISE THE CAMPUS?**

- Teaching/learning facilities
- Student housing and student center
- Research park and business incubator center



- Hotel with a 500 room capacity and accompanying conference center to accommodate 1,000 attendees
- Performing arts center to accommodate up to 7,000 attendees under cover and 15,000 attendees in open-air seating.
- Parking facilities

### **WHAT IS UNIQUE ABOUT THE PAYSON UNIVERSITY CAMPUS?**

- The campus will be a public educational facility built by private investors. This unique public-private partnership is being touted as the most financially viable model for developing large scale projects like this one in the future.
- Ultra-high speed wireless transmission capabilities throughout the campus will allow for a broad range of educational and learning experiences for 21<sup>st</sup> century students.
- The campus will be designed with a minimal environmental impact, examples of which include:
  - Designed as an auto-free zone
  - Incorporates optimal water conservation, recycling, energy efficiency and environmental responsibility into the design and operation
  - Designed and constructed using LEED (Leadership in Energy and Environmental Design) standards throughout
  - Encompasses 19 green components in the project, including solar arrays and geothermal heat sinks.

All of these design features will result in the campus being one of the first energy neutral communities in the rural West.

### **WHEN IS THE ANTICIPATED OPENING DATE?**

A comprehensive planning process, incorporating multiple parties and agencies, has worked throughout 2011 to prepare for the start of construction in 2012. The plans and designs for the campus buildings will be made public when completed. A fall 2014 opening date is currently envisioned.

### **WHO ARE THE PARTICIPANTS AND WHAT IS THEIR CONTRIBUTION?**

The campus complex and educational programs evolved from a unique private-public arrangement between donors, private investors, the Town of Payson, The Town of Star Valley, local citizens, and the selected university.

- The tenant university determines and provides the entire educational experience, hires and manages the faculty, and develops and delivers the curriculum (academic programs and courses).
- Assuming ASU is selected as the tenant university, the arrangement allows ASU to focus on its mission of delivering a world-class educational experience, without expending its resources on property development, maintenance and management. It also allows ASU to expand its geographic presence to the rural communities of Arizona.



- Donors and private investors provide the capital and expertise to design, finance, build, and manage the complex, in compliance with the needs and specifications identified by university.
- Community colleges throughout Arizona have negotiated college credit transfer programs with the State Universities, and such colleges will be feeder programs for the four-year degree programs at the Payson campus. Gila Community College will continue to offer occupational advancement and personal enrichment programs.

### **WHAT IS THE TAX IMPACT UPON THE TOWN OF PAYSON?**

- The Towns of Payson and Star Valley joined together to form a Separate Legal Entity (SLE) called the Rim Country Educational Alliance (RCEA). The RCEA Board is authorized to enter into contracts, purchase property, and negotiate arrangements with ASU.
- RCEA has no authority to tax any business or individual, except those located on the campus site. In addition, Special Purpose Entity (ies) (SPEs) and/or Community Facilities District(s) (CFDs) will be established to fund infrastructure improvements on the campus property.
- Infrastructure established and funded by these entities is for the sole benefit of this property and those who will benefit from that infrastructure.
- These legal entities will provide the Town of Payson with the ability to collect the impact fees, as if a developer were building the property.
- Neither The Town of Payson nor the Town of Star Valley will bear costs or liability for developing, building, or managing the campus.
- The RCEA will contract with architectural, design, and engineering firms that are on ASU's approved list for such services.

### **WHAT IS THE IMPACT ON WATER AND OTHER COMMUNITY SERVICES?**

The Blue Ridge Water Pipeline is scheduled to be completed in concert with the campus timeline.

The legal entities described above will pay user impact fees for the entire student population, examples of which include:

- Millions of dollars in water and sewer impact fees will reduce the cost burden of the reclamation projects on current residents
- Several million dollars in public safety and park and recreation fees will reduce the cost and increase the scope of services available to local residents.

Without this project, the extensive fixed costs of the Blue Ridge Water Pipeline would be absorbed directly by the residents of The Town of Payson.

### **WHAT IS THE POTENTIAL IMPACT ON RECREATION AND TRAFFIC FLOW?**

- A \$10 million grant has been awarded to Payson to improve bike paths. One third of Payson's 57 miles of bike paths have been completed. The campus will be designed with bike pathways throughout that will link to the area bike paths.



- Payson is evaluating multiple options to improve traffic flow through the town. Specific traffic evaluations are required for the campus facility as well.

## **HOW WILL THE CAMPUS CONTRIBUTE TO ECONOMIC DEVELOPMENT?**

- A specialty consulting firm estimated direct economic impact of the campus and other facilities is \$100-150 million dollars with a multiplier effect that will ripple throughout Payson and the surrounding areas. Examples include the following:
- Business attraction: New businesses have already been attracted to Payson as a result of the coming campus. Among these is the largest producer of photovoltaic cells in the world, which will open a US assembly facility in Payson shortly.
- Economic activity: Additional businesses will be needed to provide services to students, faculty, and other staff. These include restaurants, retailers, medical services, personal services, and others.
- Revenue generation: New businesses will generate sales tax revenue that remains in the Town of Payson. New jobs will generate income that will also be spent in Payson and the surrounding communities.
- Counter cyclical industry: Because classes at the campus will be in session primarily in the fall, winter and spring, the campus schedule will counterbalance Payson's seasonal economy that currently relies heavily on summer tourism.
- Improved economic stability: The campus and facilities will broaden Payson's economic base from primarily tourism to a more diverse economy that includes education, specialty research and development, conferences and conventions.
- Improved, potentially more stable, real estate market. With increased economic stability, the wild swings experienced in the real estate market should moderate, due to more consistent demand for housing from primary residents who live and work in the community.

## **JOB CREATION**

- The campus and ancillary businesses are projected to create 600 permanent, full-time jobs in the community.
- At least 300 full-time construction jobs are anticipated to build the campus and other facilities.
- Ancillary businesses in hospitality, food service, and conference planning will create additional job opportunities in the community.
- Eventually, new housing will be necessary to accommodate population growth as result of the economic benefits of the campus.
- In addition to providing specific education and training to meet the employment demands of the future, the campus, research park and other facilities will create demand for more highly skilled workers who will work in Payson.
- Rim Country young adults will have the opportunity to find more high-wage jobs and careers without leaving the area for Phoenix or elsewhere.



### **BROADER RANGE OF SERVICES AVAILABLE**

New restaurants and retailers have already expressed an interest in Payson and are making plans to establish locations here.

### **IMPROVED ACCESS TO HIGH-SPEED INTERNET SERVICES**

- Agreements already have been reached to improve ultra-high-speed, broadband access for Payson, specifically to support the college.
- Residents and local businesses will also benefit from the enhanced Internet access.

### **WHO IS RIM COUNTRY EDUCATIONAL FOUNDATION?**

Rim Country Educational Foundation is a restricted fund established by Mogollon Health Alliance, a 501(C)3 tax exempt organization, headquartered in Payson, Arizona, whose mission is to promote rural health care and education opportunities in rural Arizona. Its mission is accomplished through programs, activities, grants and scholarships.

### **IS RIM COUNTRY EDUCATIONAL FOUNDATION PREPARED TO PROPERLY ADMINISTER THE FUNDS?**

Rim Country Educational Foundation is uniquely qualified to receive and administer the requested funds. Its sponsor, Mogollon Health Alliance (MHA), has deep roots in the Payson Community. Growing out of the Payson Jr. Women's Club in the 1950s, and its successor non-profit organizations, MHA now owns the hospital buildings and grounds of the Payson Regional Hospital and is funded by rent received from the hospital and its many fund raising activities. MHA is governed by a nine-member Board of Directors with three full time employees and three part time employees plus an additional 100+ staff of active volunteers. An advisory committee of Rim Country Educational Foundation will advise and recommend use of the funds.

Some of MHA's accomplishments and current activities include:

- ✓ Increasing community members' awareness of potential health problems through an annual Community Health and Care Fair and annual Women's Wellness forum
- ✓ Receiving and implementing the HRSA Rural Women's Health Network Planning Grant in 2008
- ✓ Raising \$150,000 to bring a renal care facility to Payson in 2006
- ✓ Sponsoring and funding the MHAX III Cardio-Pulmonary Exercise Program for individuals recovering from heart surgery and related conditions;
- ✓ Funding emergency response education
- ✓ Funding and administering educational scholarships
- ✓ Through its Gracie Lee Haught Children's Memorial Fund (GLH), MHA gives medical assistance grants, organizes and gives bicycle safety programs in area schools, and gives bicycle helmets and infant and toddler car seats to families in need, and provides classrooms for Gila County Community College's nursing program in the GLH Education Resource Center.



**BE AN IMPORTANT PART OF CREATING OUR FUTURE**

